Center on Budget and Policy Priorities

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Colorado, Washington, and California Voters Raise, Protect Funding for Critical Public Services; Other States Make Fiscal Problems Worse

Statement of Meg Wiehe, Vice President for State Fiscal Policy and Communications, on state revenue ballot measures

Colorado, Washington, and California voters yesterday raised and protected taxes on the wealthy — casting ballots in favor of taxes that fund K-12 public education, community colleges, child care, and other priorities. By voting for fairer tax codes, they also took a step toward curbing the power of the rich to influence the democratic process.

In Colorado, voters are poised to back a measure to increase taxes on wealthy households and corporations. California voters supported the permanent extension of higher income taxes on top earners. And Washington voters rejected an attempt to repeal the recently passed millionaires tax and ban future state income taxes. The outcomes are further proof of public support for taxing the wealthy across the country. Maine, Rhode Island, and Hawai'i also passed millionaires taxes earlier this year.

Voters also rejected measures that would have threatened public services or locked in existing tax cuts for the rich. Most notably, Wyoming voters rejected a homeowner property tax exemption that would have cut up to $125 million a year in funding for local schools and emergency services. And Utah and Oklahoma voters rejected restrictions on raising state and local revenue that would have tied the hands of elected officials.

The stakes at the ballot were high. Budgetary pressure is mounting for these states and others because of historically deep funding cuts to health care and food assistance in the harmful 2025 reconciliation law, as well as slowing revenue growth. But a small group of donors pumped hundreds of millions of dollars into campaigns to preserve state tax codes that are tilted in their favor. Their backing contributed to the defeat of Prop 40 in California, which would have imposed a one-time, 5 percent tax on certain taxpayers with assets over $1 billion to fund health care, food assistance, and education, as well as the likely passage of a damaging amendment that will make it very hard to enact a wealth tax in the future.

Several other states enacted measures that will *exacerbate* current fiscal pressures. Florida faces a serious new funding challenge after voters passed a measure that will create a pathway to eliminate all non-school property taxes, leading to a loss of $12 billion annually. Iowa and North Carolina voters passed measures that will limit their options for raising revenue to tackle pressing needs — from cleaning up drinking water to raising teacher pay to covering substantial new costs for food assistance ushered in by federal SNAP cuts.

These cuts and restrictions could become especially consequential in the year ahead. States are required to balance their budgets. As the cost of delivering public services continues to rise and the impact of federal cuts hits budgets, they will be left with fewer funding options. That could lead to increasing reliance on revenue sources like sales taxes and fines and fees, which ask more of people earning the least. Or it could lead to cuts to K-12 education, child care, health care, and other public services at a time when people are struggling to meet their basic needs. With many bills coming due at once, the people who voted for fairer tax policies have put their states in a better position to fund the critical public services we all rely on.

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